

Justin Smitherman
139 Fair St Apt 2
Warwick, RI 02888

Federal Trade Commission/Office of the Secretary
Room H-135 (Annex W)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Business Opportunity Rule, R511993

07/11/06

Dear Sir or Madam:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could prevent me from continuing as a Xango distributor. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," yet some of the sections in the proposed rule will make it very difficult, if not impossible, for me to sell Xango's product.

I have been a Xango distributor for over a year now because I believe in the product and wanted to earn some additional income. The amount of money that I make with Xango is increasing and should be enough to replace my wife's income by the time that she gives birth to our child. This means so much because she won't have to work and can stay home to take care of our child. My family's future is dependent on the stability of the direct selling industry.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new distributors. XanGo's sales kit only costs \$35.00. People buy TVs, cars, and other items that cost much more and they do not have to wait seven days. This waiting period gives the impression that there might be something wrong with the company or the compensation plan. I also think this seven-day waiting period is unnecessary, because XanGo already has a 100% guarantee for the first 30 days someone is a distributor and a 90% buyback policy for all products purchased by a salesperson within the last 90 days. Under this waiting period requirement, I will need to keep very detailed records when I first speak to someone about XanGo and will then need to send in many reports to my company headquarters. This proposed rule is actually anti-small business.

The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits

unless XanGo is found guilty. Otherwise, Xango and I are put at an unfair advantage even though XanGo has done nothing wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I am glad to provide references, but in this day of identity theft, I am very uncomfortable giving out the personal information of individuals (without their approval) to strangers. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the 10 prior purchasers, I will need to send the address of the prospective purchaser to XanGo headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft. They will be reluctant to share their personal information with individuals they may have never met.

I have seen many scams on the Internet and been approached by many crooks because of my success. This rule will do nothing to stop them. It will actually hurt my business! This rule will not stop the dishonest and unscrupulous – they violate the current rule all the time. But I am a good American citizen and it will hurt me.
Thank you in advance for your favorable consideration of this request.

Respectfully,

Justin C. Smitherman